

# HB42

Representative  
Davis

# Fiscal Literacy/ Truth in Borrowing

A proactive step to address the student debt crisis

## THE GOAL

In an effort to minimize student debt, this legislation will provide clear consumer information designed to inform student borrowers of the impact of debt including estimated monthly payments and the accumulated debt if only minimum payments are made. The legislation also includes a required easy-to-read letter updating student borrowers annually of their payoff status.

## THE CHALLENGE

- Outstanding student loan debt in Louisiana has increased by \$13 billion since 2008 and stood at \$21.3 billion as of 2020.
- Confusion over student loan offers and forms often leads students to accept the total amount of loans offered rather than the amount they truly need to borrow. This legislation will assist students by providing annual information in a straightforward manner so they can make more informed choices regarding the debt they incur with a clear understanding of the repayment requirements

## THE OPPORTUNITY

- A recent national survey found nearly 3 out of 5 parents found some wording or phrasing unclear on student loan award letters.
- Nearly 70% of students cited the same lack of clarity. (Report by CampusLogic, 2019)
- Indiana University experienced nearly \$100 million less borrowing by IU students over four years (2013-2017) since implementing up-front and annual notices to students alongside a financial wellness program.



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# \$100M

less borrowed by  
Indiana University  
students in four  
years since similar  
legislation passed

